

Definition:-

section 4 which defines 'Partnership',
'Partner', 'firm' and 'firm name'.

- * "Partnership" is the relation between persons who have agreed to share the Profits of a business carried on by all or any of them acting for all.
- * Persons who have entered into Partnership with one another are called individually "partners" and collectively "a firm".
- * The name under which their business is carried on is called the "firm-name".

- i) It must be a result of an agreement between two or more persons.
- ii) The agreement must be to share the profits of the business.
- iii) The business must be carried on by all or any of them acting for all.

All these essential must coexist before a partnership can come into existence.



Advantages of Partnership

Disadvantages of Partnership

- 1) Easy formation
- 2) Combined managerial skill
- 3) Sharing of risk
- 4) Tax advantages
- 5) Better public relation
- 6) Sufficient capital
- 7) Facilities of loan
- 8) Facilities of division of labour
- 9) Freedom from govt regulations & restrictions

- 1) unlimited liability
- 2) Investment withdrawal difficult
- 3) Instability
- 4) lack of trust & confidence
- 5) lack of secrecy
- 6) Difficulty in decision-making
- 7) obstacles in the transfer of share
- 8) Delay in decision-making
- 9) Risk of joint responsibility